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CIA/CPAS WID 94-177CX



National Intelligence Daily

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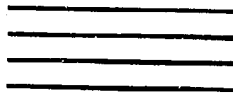
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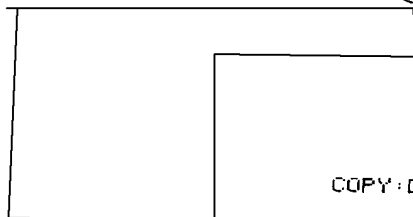
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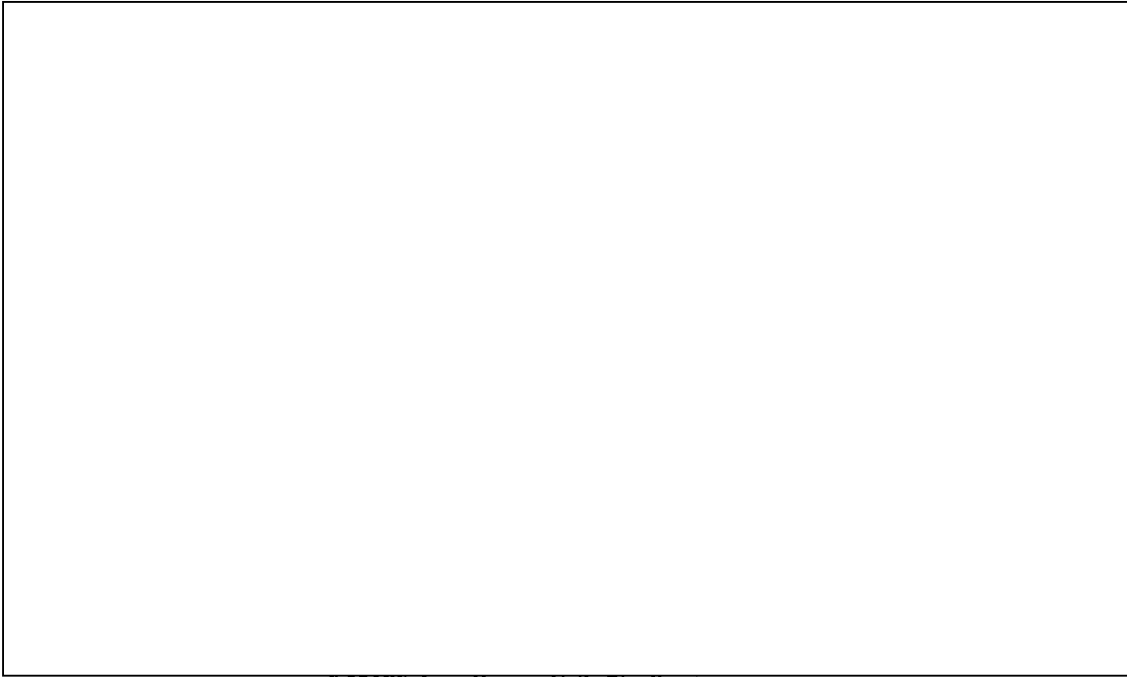
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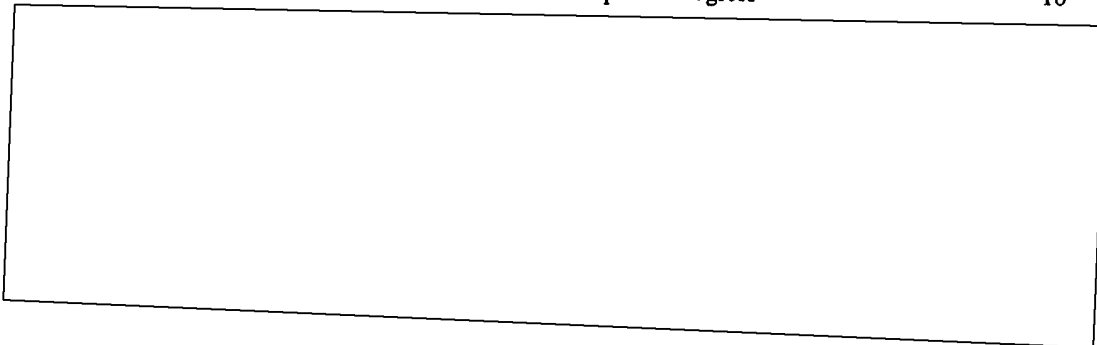
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Kazakhstan: Russia Foils Pipeline Progress

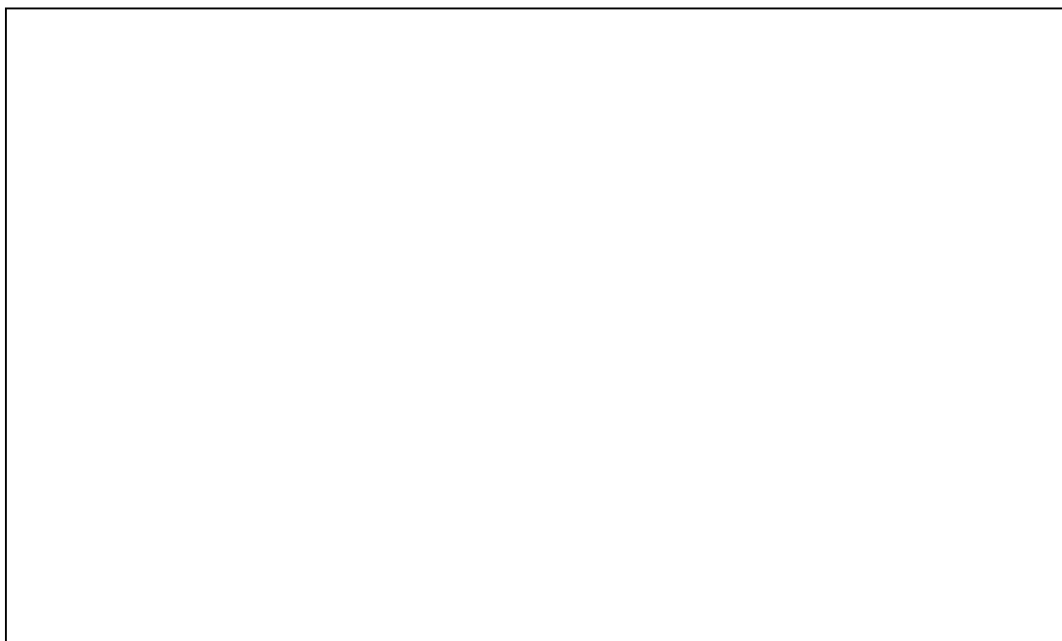
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~~Top Secret~~**Kazakhstan: Russia Foils Pipeline Progress**

In recent talks, Premier Chernomyrdin told the Kazakhstani Prime Minister that Russia would not support changing its agreement with Oman and Kazakhstan that gave control to the Oman Oil Company over development of the new pipeline for Kazakhstani oil to the Black Sea, [redacted]

[redacted] In May, Kazakhstani President Nazarbayev—in an effort to break a prolonged impasse over project financing—fired his pro-Oman Oil Minister and supported Chevron Oil's effort to become the major financier and controller of the pipeline. As the operator of Kazakhstan's major Tengiz field, Chevron's participation would be required by international lenders to finance part of the estimated \$1.5 billion cost of the project.

— *Some Russian officials now appear to be trying to use support for Oman, along with Russia's control of Kazakhstani oil exports through existing pipelines and Russia's recent demand to renegotiate Caspian Sea boundaries, to gain an equity share or controlling influence over the rich oilfields in the Caspian basin.*

— *Kazakhstan, whose oil production has fallen 25 percent and whose GDP has fallen 42 percent since 1991, is likely to more strongly urge the US to press Russia to relent or to consider major financial concessions to secure Moscow's cooperation.*

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